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# A message from the CEO

#### By Mary Aldred,

CEO, Franchise Council of Australia

As we move towards the end of the financial year, I am hearing more stories about what a tough year it has been for small to medium enterprises because of lower consumer spend. Factors such as anti-competitive leasing terms, escalating overheads, lack of finance options, and red tape have also been cited as root causes of many problems for SMEs struggling to make a profit.

The FCA will continue to advocate strongly for franchising and small business to achieve a fair and better operating environment and that includes ensuring healthy and productive relationships between big and small business partners, including franchisors and franchisees.

In 2018, the FCA closely followed and considered the issues raised during the hearings of the Parliamentary inquiry into the franchising code and provided detailed submissions to the inquiry.

The problems highlighted were concerning and the FCA will not tolerate poor standards or non-compliant behavior by either franchisors or franchisees.

The inquiry showed a need to strengthen compliance, education and standards in franchising.

A key message of our submission to the inquiry is that while Australia leads the world in franchise and consumer law, better enforcement of existing regulations is a priority.

We welcome the fact that enforcement has been stepped up recently, with the first prosecutions for breaches of the franchising code and consumer law

The ACCC has also announced that it is targeting the retail food sector in a compliance blitz.

The FCA will not tolerate poor

"There needs to be a frank conversation about being willing to address some sensible steps of reform to boost compliance around franchise agreement, disclosure and due diligence."

standards or non-compliant behaviour by either franchisors or franchisees. We're committed to improving standards, providing our members with better access to information and education, and ensuring that regulations and rules are adhered to and enforced.

More broadly, however, there needs to be a frank conversation about being willing to address some sensible steps of reform to boost compliance around franchise agreement, disclosure and due diligence.

The FCA is proposing the introduction of two mandatory measures: a sector-wide registry of all franchise systems, and a requirement for prospective franchisees to obtain business and legal advice.

#### A sector-wide registry of all franchise systems

A mandatory, sector-wide registry of all franchise systems that is led by industry and backed by government would be a substantive reform of franchising in Australia.

Mandatory registration of franchise systems could strengthen compliance and provide significant additional protection for franchisees without tipping the balance too far or removing the duality of responsibility in what is a collaborative business model with

strong competitive advantages.

The concept itself is not new, and while not a complete panacea, mandatory registration could deliver significant new benefits, by

- · ensuring core fundamental compliance obligations are met by all franchise systems, not just those that choose to do so or are audited by the ACCC
- providing additional information for prospective franchisees and their advisers in an easily searchable reaistry
- providing an early warning mechanism that could alert the ACCC to possible breaches of the law.

#### Mandatory requirement for prospective franchisees to obtain business and legal advice

One of the structural themes emerging from the parliamentary inquiry is that too many franchisees are choosing to ignore the strong and explicit recommendations in the Franchising Code of Conduct, and the mandatory documents provided by franchisors to every prospective franchisee, to obtain legal and business advice.

Making it mandatory for prospective franchisees to obtain business and

legal advice would ensure proper due diligence by prescribing franchisees to be fully informed before entering a contract

Even though the regulatory and dispute resolution framework for Australian franchising is widely considered to be one of most comprehensive and effective regimes in the world, we recognise that there are issues to be addressed.

Australia is a very franchised economy. There are now 80,000 businesses operating within 1,314 different franchise systems, contributing \$181.8b annual revenue and employing 594,500 people across urban, rural and regional Australia.

Australian franchising is heavily oriented to the small-to-medium enterprise sector, with over 90 per cent of franchisees representing small business.

The Franchise Council of Australia will continue to advocate strongly for franchising and small business to achieve a fair and better operating environment and that includes ensuring healthy and productive relationships between big and small business partners, including franchisors and franchisees.

Being named Australian Established Franchisor of the Year is a terrific win of itself, but to have two of your franchisees also win major awards on the same night is an outstanding achievement.

Hire A Hubby took out the national award at the NFC2018, as well as their franchisees Jim Kelly and Crystal Petzer being awarded Multi-Unit Franchisee of the Year for NSW/ACT and Russell Hampton from Cairns being awarded Single Unit Franchisee of the year.

The idea for Hire A Hubby goes back to 1996 when the founder was doing some handyman work in his loungeroom when his wife's friend joked, 'Gee he's handy! Can I hire your hubby?'

Twenty-one years later there are now 375 franchisees across Australia and the United Kingdom and approximately 50 in New Zealand under a different ownership.

The founder is Brendan Green, now its CEO and MD: "I was proud as anyone could be for Hire A Hubby to

win the Franchisee of the Year award. but to then cap that off by winning the Franchisor award, you can't imagine how honoured we are. You really put your heart and soul into these sorts of things - it's a life's work."

"We feel it's our turn to do a little bit as far as sharing our learnings with the others who are emerging and coming through the ranks in franchising."

"Obviously 21 years is a long journey and it feels like Hire A Hubby is my oldest child, it's been part of my life for such a long time. At the core of it is your franchisees. To get two of the guys over the line that are running extraordinary businesses was a thrill."

Service industries such as Hire a Hubby are experiencing considerable growth as Australians work longer

hours, make more money and have less free time. Brendan Green says a growing number of people are outsourcing household chores. "Australians work as hard as anyone

in the world in terms of the number of hours per week. The earning rates are a lot higher than they were a while ago. Because we are time poor and cash rich, the small amount of personal time we have, we want to keep for personal stuff."

He says a shortage of people with handyman skills has also boosted business. Research conducted by the franchise shows that Australians are less handy around the home than ever before.

"Tradesmen are not coming through in the numbers they did in the baby boomer era. If you have a look at statistics, postbaby boomer era, there's only 20 per



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"You really put your heart and soul into these sorts of things - it's a life's work."

cent of the trade course intake at TAFFs. around the country as there was 20 years ago. There's a shortage of people with these skills, so they call and get someone else to do it for them."

To be successful requires effort and drive, but it also requires a disciplined operating framework and good management systems.

The company uses valuable census data to understand its customers and sell franchises around the country. It pays particular interest to census data about the age of the population, the structure of households, whether an area has a large number of blue-collar workers and what percentage of houses are owned and rented.

"The census puts a sensible estimate on what we think a franchisee might

earn ... The correlation of all that type of information will tell us the propensity to spend on the services we have to offer."

Recognising that there are hundreds of different franchising IT systems being used, Brendan Green developed Franchise Cloud Solutions, an end-toend franchising system to manage every possible function in a franchise.

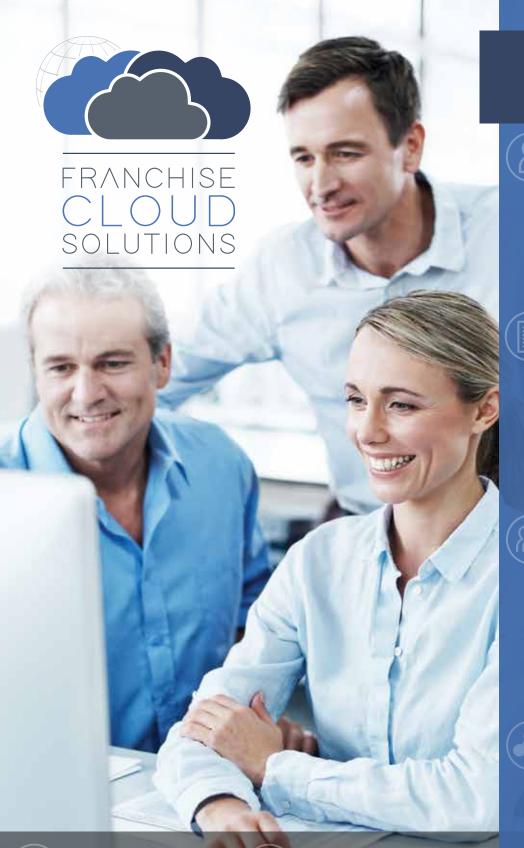
"To improve franchisee retention and recruitment, franchising has to provide better transparency over franchisee operations and simplify franchisor compliance."

"People ask how I split my time between Hire a Hubby and Franchise Cloud, and the reason I'm able to do that is that I've got good people that do the job at Hire A Hubby to let me look at the other alternatives that we've got now."

And. Brendan Green is mindful of the personal needs, lives and wellbeing of his expanding team and the broader community.

"Hire A Hubby franchisees are in an age group that are predominantly atrisk when it comes to prostate cancer, so supporting the Prostate Cancer Foundation of Australia with awareness raising and the need to get tested to ideally prevent what might be the worst of outcomes is something that these guys have really been embracing. "

"We started our campaign back in 2010. We really mobilised it around 2014/15. Now on average we are donating anywhere from \$100-120,000 a year from the dollar per invoice that franchisees choose to pass on the PCFA." □



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## ZUBIAS

THE LASH & BROW EXPERTS

High performing staff who are truly invested in your business will ensure franchise success, say a husband-and-wife team whose business model saw them quickly reach the top of Australia's competitive beauty market.

# franck

Rizwan and Sandrine Syed founded Zubias Threading in 2008 and are considered pioneers of the eyebrow threading technique in Australia. They've grown to more than 30 locations in and around Perth and are expanding nationally. Their team has shaped more than 10 million eyebrows and extended more than 900,000 eyelashes.

Rizwan and Sandrine Syed, whose Zubias Threading chain was recently announced Australia's Beauty Service of the Year at the Optus Business Awards, believe they have the secret to a winning franchise: The right staff to run your franchises more than likely already work

"Find loyal staff and they'll remain loyal to the franchise model. Your people are the franchise, and they need to have a passion for what they do," said Rizwan.

"Our franchisees have often been

working for us for some time, so they have the same goals and values that we do, and that's key to franchise success,"

Mr and Mrs Syed created their multimillion-dollar eyebrow shaping business with no bank loan, just \$5,000 and a great deal of hard work and persistence.

And while many franchises fail in Australia, Zubias franchising is surging ahead with interstate and overseas expansion in the pipeline.

Of their 30 stores across Perth, 10 are franchise outlets, all run by longserving, results-driven employees, who were identified for their potential as the business grew.

"If someone has reached the top of the ladder in our business, it's time for them to have their own franchise, and we can help them with that," said Rizwan.

"Our franchisees believe in our

business model and wanted to upgrade their lifestyle. They have full faith in the way it's operated."

The Syeds also said when choosing franchisees, capital was not an issue if the person was right for the role.

"We love to help people who want to help themselves. If their mindset is right, we can help them to buy into the business," said Mr Syed. ■



Franchise Council of Australia CEO Mary Aldred has invited franchisee members to be part of an exciting new initiative to be known as the FCA Franchisee Policy Advisory Committee.

The committee will give franchisees a formal avenue to provide input directly to the FCA CEO on critical current and emerging sector policy issues.

The committee will be made up of 10 members from a broad range of industry sectors, preferably from each state. Representatives from multi-unit, singleunit and mobile unit franchisees will be

Members will be selected to join the committee based on their sector knowledge, experience and credibility in franchising.

Mary said that she has already had strong interest in the committee from franchisees, and its establishment was especially important given the increased public focus on franchising.

"We work hard to listen to and represent all our members. This committee will help strengthen that mission," she said.

"This will be one more way for franchisees to contribute to the work we do," Mary said.

The committee will meet four times a year, with meetings held by teleconference to make it as easy as possible for busy franchisees.

Committee members may also be invited to join the CEO in meetings with government, regulatory and other stakeholder bodies to provide franchisee

The committee is advisory in nature, with appointments approved by the FCA Board for a duration of two years. ■



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# ACCC's continued focus on franchising in

2019

#### By Mick Keogh,

Deputy Chair of the Australian Competition and Consumer Commission

The ACCC has had a busy start to the year in the franchising sector with the announcement of our continued focus on franchising as a priority in 2019, and two judgments handed down by the Federal Court in relation to national franchises.

We have also announced an increased focus on the food services sector for our next round of compliance checks. Last year there was also much public interest in issues involving the franchising sector including a Joint Parliamentary Committee Inquiry.

In February this year, we released our annual compliance and enforcement policy and priorities, which directs the ACCC's work and resources for the year. Franchising remains a priority in 2019, along with business-to-business unfair contract terms laws.

We consulted with industry bodies, consumer groups, and other domestic and international regulators when determining these priorities, to ensure they reflect the current concerns of Australian businesses and consumers.

The information in this article is for guidance purposes only and does not constitute or substitute for legal advice. When considering a franchise opportunity, seek advice from a lawver, accountant and business advisor with franchising expertise.



#### Recent enforcement action

In February 2019, the Federal Court handed down its judgments against franchisors Ultra Tune Australia Pty Ltd and Geowash Pty Ltd (a former franchisor). This was as a result of two separate proceedings commenced by the ACCC in May 2017.

The action against Ultra Tune was our first proceedings against a franchisor for an alleged breach of the obligation to act in 'good faith' under the Franchising Code.

Ultra Tune, Australia's second largest independent motor repair organisation, received a \$2,604,000 penalty for breaching the Code and Australian Consumer Law. The Federal Court ruled that Ultra Tune failed to act in good faith in breach of the Code, and made false or misleading representations, in its dealings with a prospective franchisee.

In the second case, the Federal Court found that Geowash, a former hand car wash and detailing franchisor, made false or misleading representations without reasonable basis on its website about expected revenue and profit of franchises, acted unconscionably towards franchisees in relation to charging franchisees for the establishment and fitout of its sites, and failed to act in good faith in relation to the sale and marketing of its franchises.

These Federal Court decisions are a strong warning to franchisors about the serious consequences of failing to comply with the Code and ACL.

#### **ACCC** compliance checks

The ACCC as the regulator of the Franchising Code in Australia conducts an active compliance check program. Under the Competition and Consumer Act 2010 we can require franchisors to provide certain documents and information.

The current series of compliance checks targets franchises involved in the café, restaurant and take away food services industries. We have chosen these industries because we receive more Code related reports from franchisees in these industries than any other sector.

In particular, we will closely examine the adequacy of information disclosure in the following areas:

- · costs of establishing and operating a franchised business
- limitations on where franchisees can buy goods and services

- whether a franchisor receives rebates or benefits when franchisees purchase from certain suppliers
- site or territory history
- pre-payments, and reasonableness of amount retained by franchisor on cooling off
- current and former franchisees' contact details.

#### Why have we chosen these

We have chosen these areas because without adequate disclosure, it would be difficult for a prospective franchisee to make reasonably informed decisions about whether or not to purchase a franchise. Clause 8 of the Code states that the purpose of a disclosure document is to give:

- 'Information from the franchisor to help the franchisee make a reasonably informed decision about the franchise'
- 'a franchisee current information from the franchisor that is material to the running of the franchised business'.

In addition to disclosure requirements under the Code, franchisors have an overarching obligation under the Australian Consumer Law not to mislead prospective franchisees. Irrespective of whether the information reflects well or badly on the franchise system, it must be disclosed.

#### **Establishment and running costs**

Effective disclosure enables a franchisee to understand early on, the realistic costs of establishing and operating a franchised business. At a very basic level, effective disclosure of these costs should assist a prospective franchisee to determine whether they can make enough money to pay

#### Supplier restrictions and rebates

We continue to receive reports from franchisees about transparency of rebates and supply relationships, and the costs or quality of goods or services they are required to purchase from the franchisor, its associate or an approved supplier. Although supply restrictions can assist in ensuring consistent quality across a franchise network, they also can limit the ability of franchisees to shop around for the best deal on goods and services essential to running the franchised business.

#### Site and territory history

Franchisors are required to disclose whether or not the proposed site or territory has been the location of one of their franchised businesses in the previous 10 years. If so, details of the previous franchised business, including the circumstances under which the previous franchisee ceased to operate, must be disclosed.

#### Franchisee contact details

Enabling prospective franchisees to contact existing and former franchisees is a vital aspect of due diligence. This due diligence cannot be done if contact details for existing and former franchisees are not properly disclosed.

#### Refund of payments after 'cooling off'

In the event a prospective franchisee signs a franchise agreement and makes an initial payment and then decides not to proceed with the franchised business, the amount of the payment retained by franchisors on 'cooling off' must not exceed franchisors' reasonable expenses. The retention amount or the method of calculation must be set out in the franchise agreement. The right to 'cool off' does not apply to franchise agreements being extended, renewed, or transferred.

#### **Education and information**

The ACCC plays a key role in educating franchising participants. We produce and distribute a range of guidance materials to help franchisees and franchisors understand their rights and responsibilities under the Code. Visit the ACCC website for information on the Code, FAQs, a manual for franchisors and factsheets: www.accc.gov.au/ franchisingcode.

The ACCC's free pre-entry franchise education program delivered by FranchiseED can also help prospective franchisees assess franchise business opportunities.

To keep up to date with events, court cases, and changes to the law in the franchising sector, sign up to the ACCC's Franchising Information Network at www. accc.gov.au/fin

Anyone can also contact the ACCC for further information about their obligations under the Code or to report alleged breaches.

#### SPONSORED ARTICLE

A franchise model is built on a set of systems and processes that represent the core of its brand promise. Compliance to these processes allows franchises to maintain consistency across the network, and move towards greater profitability and a more successful business.

# The importance of compliance

As one of the most loved and wellknown juice and smoothie brands across the globe, Boost Juice has built a league of dedicated and loyal fans with over 485 stores across 14 countries and a franchise partner network spanning across 315 stores domestically.

For Boost Juice, compliance remains the foundation of the franchise business. Michael Ermer, **Boost Juice National Operations** Manager understands the importance of compliance to the success of a franchise, and works with partners

to ensure this is implemented consistently across the network.

"We work off a three-tiered model, where we focus first and foremost on compliance as the foundation of the business, and then move to talking about sales and subsequent profitability. We need to make sure our partners and stores are all delivering on the brand promise and adhering to the systems we have in place, and to do this before looking at any other area of the business."

Boost Juice has in place a number of initiatives to ensure compliance across the network. One of the most crucial elements of its compliance program is the overarching 'Quality Assurance Reviews' (QARs) that are conducted with stores on a regular basis throughout the year. These QARs are divided into sections pertinent to the business, including operational procedures, OH&S, cleanliness, store presentation and customer experience.



As one of the most important fundamentals of any retail business, customer service underpins all elements of the Boost Juice brand so it is important the network is providing a consistent and positive experience for all.

Given the importance of customer experience to our business, we implement many programs to make sure everyone is leaving our stores 'feeling just that little bit better!' Our 5-star program allows customers to offer feedback in real-time and provides important information on the level of service, product and overall experience they received in store. We also run a significant training and communication platform for our partners and Boosties, with consistent training modules that need to be met to ensure all partners are delivering on the Boost Juice brand promise.

Boost Juice was also one of the first franchisors to voluntarily sign

up to the Proactive Compliance Deed (PCD) with the Fair Work Ombudsman, to ensure it, and equally important its partners, remain compliant in the employment of all their team.

The benefits of a compliant franchise model are clear. From customer satisfaction and engagement, to increased sales and profitability, compliance remains the fundamental building block of any successful franchise. ■



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Kwik Kopy has made a commitment to increase the participation of women in its workforce to at least 50 per cent by 2020.

Print was once a traditionally maleorientated industry, but the industry has made excellent inroads in recent years.

Currently, 42 per cent of all locations have a female owner or operator, with the company well on its way to achieving gender parity within the next two vears.

Only 33 percent of business owners and operators Australia-wide are women, putting Kwik Kopy ahead of the

David Bell, CEO at Kwik Kopy says

the franchise is keen to attract more women to the business to highlight how diverse and dynamic it really is.

"From head office to all our centres we are keen to support and see more women enter our industry," he said.

One of the new female entrants into the Kwik Kopy franchise network is Wendy Mulholland, who heads up an all-female centre in Tuggerah.

She believes running a Kwik Kopy centre is an attractive proposition for women who are looking to run their own business while gaining flexibility.

"I've been with Kwik Kopy since April 2018," Wendy said.

"I purchased the centre as an established business and was previously working as a contract software trainer while raising my two children."

"They are now both at school, so I thought it was time to find a new challenge. It had to be local, somewhat flexible, and something I would enjoy."

"I know we definitely have clients who want to work with us because we are all women. It's a great space for women to be involved. It provides a nice mix of creative, hands-on and customer service responsibilities."

"Since I've started, we have had some really great results, which I think comes down to not only our attention to detail, but our attentiveness and the care we show every one of our clients as well."

"People seem genuinely impressed that we are all women," she said.

In total there are 93 Kwik Kopy centres across Australia, of which 10 are run by women.

As a major sponsor of Women in Print, Kwik Kopy wants to provide a network for women to expand their knowledge and create a supportive environment.

# What does monitoring employment compliance really mean?

It's now been over a year since the Fair Work Amendment (Protecting Vulnerable Workers) legislation came into effect. Rightly or wrongly, this legislation targeted the franchise sector, aiming to make franchisors take positive steps to prevent franchisee noncompliance and potential underpayments made by the franchisee.

#### Reasonable Steps under the Fair Work Act

The Vulnerable Workers legislation, introduced in the second half of 2018, contains a defence for the franchisor from an assumed liability for franchisee contraventions of Australia's employment laws. The defence applies where the franchisor can demonstrate it took reasonable steps to ensure franchisee compliance. In determining if reasonable steps have been taken, the following factors are taken into consideration:

- 1 The size of, and the resources available to, the Franchisor:
- 2 The ability to influence or control the franchisee - for example, under the relevant franchise agreement;
- 3 Any actions of the franchisor to ensure the franchisee had reasonable knowledge and understanding of its obligations under employment legislation and elsewhere;
- 4 Whether the franchisor assessed compliance with employment laws by its franchisees:
- 5 Whether the franchisor had established mechanisms for receiving and addressing franchisee employees' complaints about alleged underpayments or other contraventions:
- 6. The extent to which the arrangements with the franchisee encouraged or required compliance with the legislation and other workplace laws.

#### **FWO Guide**

Since the introduction of the new laws and in response to repeated requests for more guidance on "reasonable steps", the Fair Work Ombudsman (FWO) released a "Guide to promoting workplace compliance in your franchise network" with their view of what the laws require of franchisors. The FWO breaks down franchisor activities into four main categories:

- 1 Setting expectations
- 2 Education and training
- 3 Monitoring compliance, and
- 4 Taking further action

The Fair Work Ombudsman's specific views on the 3rd category. monitoring compliance, includes -

"The nature of the audit, which you may conduct, may vary depending on your particular circumstances, including factors like the size of your business and available resources, and the level of influence or control you have over franchisees in your network, but might include:

- Requiring your franchisees to conduct self-audits against key criteria such as minimum wage, leave and record-keeping requirements, and report the results to you annually with a declaration from a director or officer of the franchisee entity that the information is accurate and complete.
- Annual audits of a sample of the network randomly selected for record-keeping and other employment law compliance.

"The number of audits you conduct and how you go about doing them will depend on your circumstances and the size of your network. If you have a suspicion or you've received a tip-off that there might be an issue with a particular business in your network, it's a good idea to start your audit there.

"Ensure your audit covers a mix of full-time, part-time and casual employees as well as apprentice or junior employees, if your franchisee has any. It's also a good idea to speak to some employees directly as another source of information. This increases the chance you'll pick up any issues."

#### Who do the **Vulnerable Worker** laws apply to?

The new provisions generally apply to hold a 'responsible franchisor entity' responsible for contraventions of the Act by their franchisees (Editor the same provisions also apply to holding companies and their subsidiaries, but that falls outside the scope of this article).

A responsible franchisor entity applies where there is a franchise relationship and the franchisor has "a significant degree of influence or control over the franchisee entity's affairs."

Unfortunately, the legislation does not go onto define "significant degree of influence or control". However, the FWO's guide gives a good indication as to how it may prosecute franchisors under this section of the Act, including the observation that there "will be some degree of influence or control in all franchise arrangements.

The Guide goes on to say that "in order for the extended liability provisions to cover a franchisor, a significant level of involvement in the franchisee's business affairs is needed.

"Determining whether influence or control is significant will depend on the franchise model and the parties. It looks at:

- the rights of the franchisor to direct, manage, regulate, determine or command the franchisee entity about financial, operational and/ or corporate matters. For example things like trading hours, sales targets or quotas, staffing levels, expenditure on business expenses and costs;
- how the relationship works in practice, such as how much the franchisor influences or contributes to management or operational decisions of the franchisee business, or affects the franchisee's ability to generate revenue or profits."

#### The Fours Steps

Four steps to compliance by ER Strategies' General Manager, David Price

"One of the common questions we get asked is how does a franchisor actually start monitoring compliance?

"We often see the only compliance activities franchisors have ever completed is having their franchise business development or area managers checking in-store as to what their franchisees are doing.

"Australian industrial relations and workplace laws are extremely complex, and it would be like asking me why your car is not running properly. I would be able to check the basics like 'is there fuel in the car, or is the battery working?', but that's about it. I would call in a mechanic to find the real problems."

"If you have not started to monitor compliance employment our advice is to start small and have a plan. We explain our simple formula to clients - Review -Plan Deliver - Check (and then Repeat).

So, what does that all mean? David set out the following explanation of the recommended 4 Steps.

#### Step 1 Review

We generally start all our new clients off with an online survey of their network. This survey should be crafted to give you a snapshot of the systems and processes used in the business and identify any knowledge gaps.

#### Step 2 Plan

Unless you have unlimited resources - and nobody does - you cannot achieve 'world peace' overnight. However, by using the snapshot of the online survey, you can do very simple risk assessments to allow you to on focus on the highest risks and thereby make the biggest impact in your network. The common risks we see time and time again are insufficient time and attendance record systems, lack of understanding/ education, and poor reporting mechanisms.

#### **Step 3** Deliver

How would you deliver on the three common issues identified above?

 Insufficient time and attendance systems - If the information is not being kept that you are legally obligated to, and you need to check to ensure compliance, you're hamstrung straight

away. With the reverse 'onus of proof' record-keeping obligations under the Vulnerable Worker legislation, your franchisees are immediately exposed. The basic step we recommend would be providing education to the network via modules using a Learning Management System - 'LMS' to use the jargon - that can track completion of modules, to the best practice solution over time of also implementing and mandating Time and Attendance systems.

- Poor Understanding / Education a majority of the time that problems occur is because the franchisee does not know any better. The solution is measured, consistent and understandable education. It is important to understand your audience and not overload or confuse it. This education can be in the form of regular training updates, IR updates at state or national meetings, LMS modules, and access to specialist advice for the network.
- Reporting mechanisms The earlier issues are identified, then the simpler it is to remedy them. This can be as simple as having an employee helpline to encourage reporting of issues and using business data that is already being captured but not analysed. For example, identifying a labour to sales percentage that is outside normal standards.

#### Step 4 Check

"This is when you audit your network. People always ask us how many outlets or franchisees they should audit, which is like asking, 'how long is a piece of string?' We generally recommend 5% of a network as a minimum but there are common triggers that may influence you to do more or even less. These triggers include a franchisee's lack of engagement in education activities, information garnered from employee helplines, or from data analytics i.e. labour cost too good to be true.

David concluded that the key point of this four-step process is the need to REPEAT it. "The way the Australian IR laws are constantly changing and their complex nature means you cannot set and forget - a measured thoughtful approach will give you the best changes to mitigate compliance risks".



#### Case Study Best Practice

ER Strategies has worked with clients who it considers "best practice" amongst franchise systems when it comes to monitoring compliance. They put forward Craveable Brands as a good example of best practice and how a measured approach achieves the best results. Price explains how their journey started over 4 years ago, well before any talk of the Vulnerable Worker laws. He provided this summary of how they went about it. Year 1 Conducted an online survey of their network, provided access to expert advice and commenced a random audit program of 10% of their network.

Year 2 Implemented an employee helpline, started the process of implementing a standardised time and attendance system across the business and again conducted a program of audits across 10% of the business. This time rather than totally random audits, they used information from the employee helpline to guide their approach.

Year 3 With the Vulnerable Worker laws looming and their people now the key pillar of their corporate identity and culture, they made the decision (and huge undertaking) to audit their entire network over the year.

Year 4 After having the entire network audited, some might then think it was time to 'ease off the throttle'. But rather than doing that, Price relates how Craveable Brands then implemented an ongoing program that required any franchisee selling their franchise to be audited, and any new franchisee to be audited at the 3-month mark of operating, in addition to actioning employee helplines and continued random audits.

In assisting Craveable Brands and other clients over the years, Price says there are many considerations, difficulties and costs to consider when monitoring compliance, especially before commencing an audit program. Commonly missed considerations and overlooked hurdles include:

- Franchisee engagement No one likes to be audited against their will! How do you get the network on board?
- · Franchise Agreement Does it entitle you to get access to records to be audited and what remedies do you have to enforce provision of documents?
- · Franchise agreement can you and will you be willing to terminate if

- records are not provided, and/or rectification of identified issues are not remedied?
- · Cost of audit This can vary depending on the period to be audited and issues identified
  - Sample 4-week audit period can cost from \$1500.
  - An entire year can cost up to \$20,000
  - For fraudulent behaviour where you need to establish a repeating pattern involving private investigators, the cost can be anywhere from \$30,000 to \$50,000 for 2-3 weeks surveillance.
- Cost of audit Who is going to pay for the audit? The Franchisor or Franchisee, is there a shared responsibility?
- · Cost of rectification If you identify an issue in a sample period, who and how is it going to be calculated. Imagine having to do 7 years' worth of calculations!
- · Identified contraventions Can all contraventions be remedied? How or can a franchisee rectify visa breaches.
- Mediation You dot your I's and cross your T's, but you are still forced into mediation under the Franchise Code.

## Australian Employment Laws are Complex

Discovering your franchisees failed to meet their employment compliance obligations could be a financial disaster for you.

Franchisors can be held responsible for the wrong-doing of their franchisees. The Vulnerable Worker Laws were introduced over a year ago and it still is challenging for franchisors to understand what

their obligations are and how to meet them. Let us guide you towards meeting your reasonable steps requirements and give your franchisees access to tools they need to make the right decisions.

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Annual reporting and FRANdata report







Single Touch Payroll (STP) is now upon us for employers with 19 or fewer employees. But what does this mean for Australian franchise businesses?

by Pam Madytianos

The Australian government has forged ahead with plans for employers to report STP come 1 July 2019.

Treasury Laws Amendment (2018 Measures No. 4) Bill 2018 has been passed by both Houses, The House of Representatives and the Senate on 12 February 2019, so it is now a reality for all Australian business employers.

This bill is designed to encompass numerous things all at once, specifically around superannuation reporting, however STP reporting lies at the very pinnacle of the legislation.

According to ABS data, there are approximately 781,908 businesses with 19 or less employees in Australia. That's about 36.8 percent of Australian businesses that will now be required to be STP-ready come 1 July 2019.

STP reporting is already in place for businesses that qualified with 20-plus employees as of 1 July 2018, whereas smaller businesses have had some grace time and will therefore be set to begin reporting come 1 July this year now that the law has been passed.

Some franchises have already begun accepting the challenge, with the likes of Retail Zoo (Boost Juice, Salsas Fresh Mex) and Soul Origin rolling out their STP setup as I write.

Regardless of whether you're a franchisee or a franchisor, if you have 19 or less employees STP is something you'll have to now come to terms with. But there are some additional concerns for franchisors who wish to ensure their franchisees are also up to speed.

#### For franchisors

How can a franchisor prepare their franchisees for STP while preparing themselves simultaneously?

Well, to avoid a meltdown the key is to plan ahead.

Here are three hot tips on how a franchisor can prepare for STP success:

- Educate, educate and educate your franchisees all about STP
- 2 Direct them to reach out to their bookkeeper, advisor or accountant for help
- 3 Ensure they have STP-ready accounting software

Part of the education process is understanding what it all means and how it will impact your franchise, and that's why I've included the following information for added context.

#### Are you wondering 'Why STP?'

The ATO wants to have greater visibility into employers' payroll to ensure they pay their PAYG withholding and SGC super obligations.

The ATO will be able to cross-check superannuation payment information provided by employers and super funds much more accurately as well.

The benefits to employers are also huge, as it will save you time at the end of the financial year, as you will no longer be required to issue group certificates to your employees.

It will, in fact, make life so much easier for you and your employees.

Our government has been encouraging Australian businesses to embrace technology and to operate in a more streamlined and digital way and to embrace electronic payments.

This will deter those who would prefer to hide any payroll-related discrepancies by making sure it's harder for them to avoid paying their employees' entitlements such as superannuation and other payments. It also helps the honest operators by ensuring there is less likelihood of errors.

The forward plan is for the ATO to have the ability to match data provided to them during each pay run, and cross-reference that with the employees' super fund. If there are discrepancies, then an ATO employee will reach out to you.

With the benefit of real-time information available, the ATO no longer needs to wait until the end of a reporting year to act. So where there may be instances whereby super may not have been paid for a long period of time and in turn the employer is faced with massive bills and penalties to pay, they will be alerted much earlier, which will help employers stay on track and in turn be more on top of cash flow.

Overall, it will really make life easier for honest employers and their hardworking employees.



#### Six steps to get your franchisees started

- 1 Ensure they have STP compliant payroll software, like MYOB. Your franchisees will be required to go through a setup process
- 2 Encourage them to speak with an advisor about the change and book in for setup and training
- 3 They'll need to review all employee payroll information, making sure it's correct in their software
- 4 Have their software connect to the ATO using their Auskey
- 5 They'll nominate a person who will be making the declaration when reporting STP
- 6 Finally, advise them to speak with their employees about the change and why they should set up a myGov account

For many employers and payroll officers, getting a business STP-compliant means they'll need to be up to speed with system updates, as well as learn how to use them for STP. Their advisor can guide them through with ease if you don't have internal resources to do so.

STP does not have to be a daunting process, so allow your advisor to fully demystify it for you and your franchisees.

The main preparation for STP-readiness is to ensure payroll software has all the payroll categories correctly set up. These categories include: normal hours worked, overtime, commissions, redundancy, unused termination, tax, super – plus any other payroll categories in the software that's used to process a payslip.

Each business may vary and have many varied payroll categories that will be required to set up accordingly.

The good news for you and your franchisees is that this is a once-off process. After it's set up correctly they'll be realistically processing a payment summary with every pay run (as will you) that is also uploaded to the ATO. Without a compliant STP-ready payroll system, the alternative is a lot of hard work.

#### Once set up for STP the following changes will apply:

- With each pay run, employers are required to report wages and salaries, PAYG withholding and superannuation information directly from your payroll solution electronically to the ATO. This will include each employee's YTD totals.
- Payment summaries will no longer be issued to employees, as the information will be available to them through their myGov account.
- Employees will need to create a myGov account in order to access their information via this online service.

#### End of Year Process remains the same:

- · Same reconciliations
- Same verifications
- Same process to add:
  - o Reportable employer super contributions for the year
  - o Reportable Fringe Benefits Tax (RFBA) for the FBT year (31 March)
  - o No payment summaries to employees
  - o No separate EMPDUPE file to be lodged
  - o Must be lodged by 14 July as per normal
  - o Extensions until 28 August and 31 July 2019
  - o If you don't you must provide the employee with a payment summary.

Overall, payroll processing remains the same, with the added task of reporting the information electronically directly to the ATO

### Are your franchisees micro businesses (no software and with four or less employees)?

Major accounting software providers have announced their low-cost STP products for the micro-business sector for both employers as well as tax and BAS agents. The costs for these will be less than \$10 per month.

So what does this mean for those employers? It means they won't be forced into purchasing an expensive payroll solution and some alternate options are set to be available, including the option of allowing your registered BAS or tax agent to report quarterly on your behalf, rather than each time they run payroll.

Interestingly, micro-businesses with one to four employees account for 584,744 of that total 781,908 businesses, and the remaining 197,164 are businesses with five to 19 employees. That's no small number.

Exemptions to STP reporting will also be made available to those businesses that have no internet connectivity or unreliable connections.

#### So where to from here?

There is no reason to wait, STP is now upon us and you will have to get yourself STP ready come 1 July 2019 so don't leave it to the eleventh hour. Today is a good time to seek the required advice from your advisor to begin the process and, if you're a franchisor, to begin communicating with your franchisees.

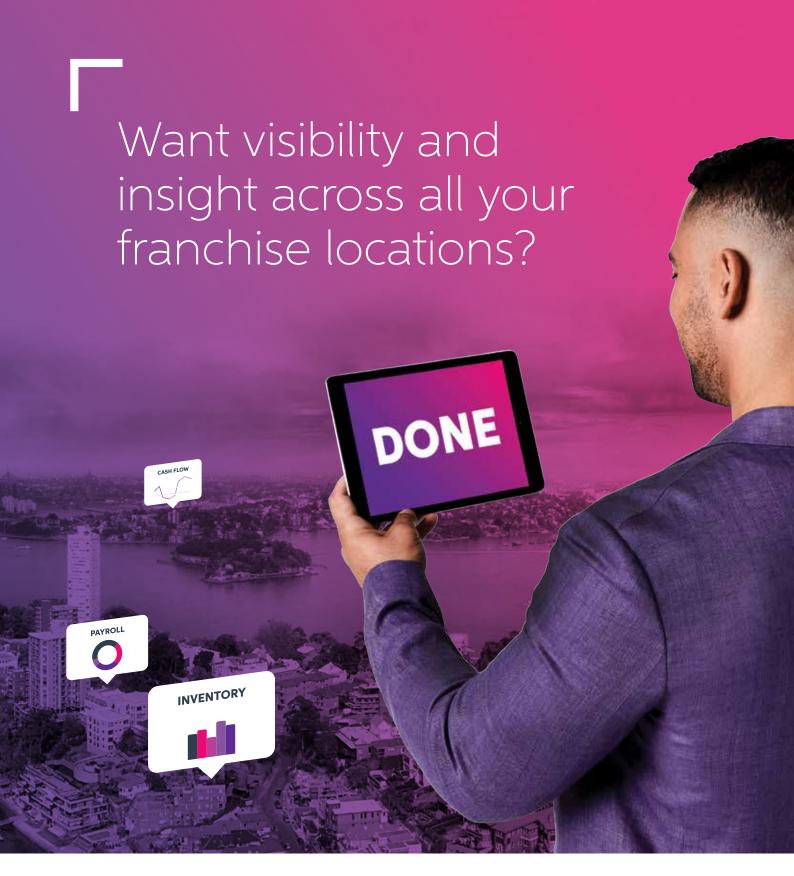
What are our already STP-compliant clients saying? Well, they've found the process almost too easy. In fact, it has taken the compliance stress away. They no longer have to provide our employees their end of year payment summary, as this information is now available live to them through their myGov account, so they are ready to lodge their tax return whenever they're ready.

And many small businesses have already beaten the curve by starting their STP reporting early. MYOB research has found 13 percent of businesses with 19 employees or less have started using STP – and this is set to rise quickly now the new legislation has passed.

Don't let your franchise business run afoul of the ATO because your processes or your franchisees processes aren't up to scratch. Get in touch with your advisor and begin discussing your payroll systems today.

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# Competitive advantage through strategic compliance

#### By Bill Lang

Chair, Institute of Advanced Business

Over the last two years, a number of significant changes and pressures facing consumers and business owners have emerged or accelerated.

#### They are:

- unexpected shifts in the political leadership of many western countries. particularly the US Congress, Brexit, or in Australian Prime Ministers
- the increasing rise of social media, smart phones and the rapid growth of consumer movements seeking change in numerous areas of business, culture and law
- the increased speed of digitisation of many business processes and tools, meaning competitors can come from anywhere and are increasingly global; witness the entrance of new and aggressive competitors like Uber Eats, Airtasker and Trivago
- the fracturing of the foundations of many formerly stable and widely respected institutions in sectors like vocational education.

In turn, consumers, including potential small business owners like franchisees, are becoming more skeptical, less trusting, more aggrieved and more likely to join movements that can tarnish the brands and reputations of people, businesses and organisations. This inevitably leads to media amplification, prompting politicians and regulators to take action to increase regulations and the enforcement of those regulations.

Does additional regulation and enforcement automatically mean only extra expense for businesses and therefore less profit and lower business valuations? Will increased compliance destroy business value or create more business value?

In my view, whether the answer is Yes or No will depend on how the business

Two of the presentations I heard at NFC2018 gave great insights into this challenge and are worthy of highlighting. They were presentations by David Christie and Elise Gillespie from Bakers Delight, and by Dustin Hansen, CEO of InXpress Americas.



"A committed culture of compliance, developed through human engagement, is key to building better and more valuable franchisees and franchisors."

#### Bakers Delight: selling bread and selling people

We all know of the tremendous success of Bakers Delight. What the joint CEOs did tell the NFC2018 audience is that they are in two businesses: the people business and the bakery business. David and Elise shared the story of their foray into Canada and the reality of establishing their franchise market presence there. which now numbers 109 bakeries. As well as 'selling bread', they explained that 'selling people' - the franchisees and their employees' - is equally important. That's what I call 'human engagement'. Selling is not simply communicating.

It is time invested in listening, tailoring, educating and bringing everyone on the journey together. Doing this effectively involves considerable investment of time especially face-to face. That's what's needed to truly understand the needs of your people and collaboratively generate solutions. This creates the 'emotional buy-in' that will see the people in the business - the franchisees and their employees make change happen.

Investing in this process to help people link solid compliance, business performance and business success is key to getting buy-in and the active embrace of compliance requirements. Simplistic forms and surveys that indicate compliance have low value in generating emotional understanding and commitment by small business owners or their employees. Human engagement in the form of two-way communication and education must come from the franchisor's leadership. The founder, the CEO and the central office team are central to a brand and system capitalising on compliance for competitive advantage.

#### InXpress America: building a culture of radical compliance

Dustin Hansen, the CEO of InXpress Americas, shared a similar message with the NFC2018 audience about how he and his team have harnessed the skills, knowledge and energy of their best franchises to build a culture of 'radical compliance and innovation'. Through collaboration, his team was able to demonstrate the links between an individual franchisee's success and the overall system's success. Using the analogy of a chain and links, the weakest link is where the chain breaks. When it comes to compliance, if the chain breaks at that weakest link in the digital age, an entire brand and system can quickly collapse.

At InXpress, compliance with the system's core processes and regulatory requirements is considered foundational. The company has enlisted its very best franchisees to drive the compliance culture in two ways. The first involves refining and improving the core marketing, sales and operational processes to grow a franchisee. The second is the building of franchisee leadership and business capability through workplace training, coaching and mentoring.

#### The business value of a culture of compliance

Depending on how a business responds, increased compliance will either destroy business value or create more business value.

Franchise systems that adopt a simple tick and flick approach and fail to secure the emotional commitment of their entire team are at risk of destroying business value. Just think about the brands that have blown up in recent times and the enormous financial value, livelihoods and reputations that have been destroyed as a result.

Businesses that embrace compliance through engagement and education will build quality processes on a foundation of understanding and commitment. InXpress has driven annual compound growth of 40 per cent since 2012, with the valuation of the Average Franchisee Unit increasing by 136 per cent in that time. The brand has a line of highquality franchisee applicants lining up to join the system.

A committed culture of compliance, developed through human engagement, is key to building better and more valuable franchisees and franchisors. ■



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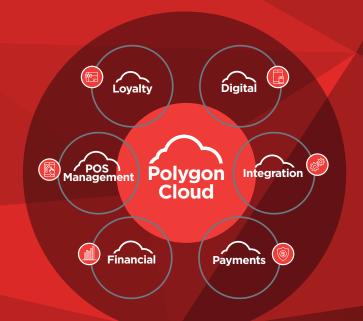
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# Legal compliance in the new climate

Legal compliance in franchise networks has changed, with the focus moving beyond the specific compliance obligations under the Franchising Code into additional areas where extended liability has been created, or brand owners are expected to take on additional obligations.

#### **By Nick Rimington**

Norton Rose Fulbright

Until recently many franchisors would have distanced themselves from having broad compliance obligations across their franchise network. That is not an unreasonable response - franchisees are separate legal entities, and in many instances the day to day responsibility for legal compliance practically sits squarely in the hands of the franchisee.

However, it is now clear that the wind has changed, so that legally, as well as in the media and the court of public opinion, franchisors are expected to take an enhanced role in ensuring overall legal compliance in their franchise network. The media and the public are usually not interested in the legal and business distinctions between franchisor and franchisee that are the essence of the franchising model - they simply hold the brand responsible. Unique compliance challenges exist in franchising, as there is a delineation of responsibility for certain tasks, yet franchisors bear the brand risk, and in some cases vicarious and direct liability for the actions of franchisees.

The consequences of non-compliance have been highlighted in the context of the Parliamentary Inquiry into the franchising sector. The intense media attention and scrutiny of franchise systems and brand owners in recent times has taken many by surprise, in some cases presenting an existential threat to the network. Regulators such as the Fair Work Ombudsman are also increasing their expectations of franchisors.

Profound legislative reform has already occurred, with the 2017 amendments to the Fair Work Act, which made franchisors directly liable for the workplace law breaches of their franchisees. It would not be surprising if other legislation adopts this third party liability model, as the enforcement efficiencies to regulators and legislators are appealing.

Franchisors must now take a more active approach to compliance monitoring and assurance than may have been the case in the past. Not only has the risk of regulatory prosecution and

civil claims increased, but the increased risk and consequences of adverse media publicity means that franchisors, as brand owners, need to have a much deeper investment in compliance at all levels of the business. The consequences of non-compliance, or even perceived non-compliance, can be catastrophic for franchise systems in the current climate.

It is against this backdrop that franchisors must review and improve compliance at both franchisor and franchisee level. Franchisors should strive for impeccable compliance at head office, and hold themselves to the highest standards of legal and ethical conduct. This will set the foundation for effective monitoring and enforcement of compliance within the franchisee cohort.

The recent critical media reporting on the alleged conduct of Jump! Swim Schools shows that where a franchisor is seen to lose sight of the interests of franchisees, the backlash can be swift and severe. Franchisees are making a decision to invest significant money, time and

In order to meet the demands of this new environment, franchisors must cultivate a strong risk and compliance mindset throughout the organisation.



energy into a franchise opportunity, so the stakes are high. The franchisor must reciprocate by taking responsibility for the success of its franchisees. Franchisors cannot be blamed for every instance of business failure, as there are many factors which go to the success of a franchised business. However, it is not enough to offer a business opportunity that has a mere prospect of success - that is business opportunism or worse, not genuine franchising.

Franchisors need to accept responsibility for the underlying viability of their business model, and only grant a franchise where the model is proven in similar circumstances. If the system experiences market challenges, the franchisor must address them. In addition, if problems arise, franchisors must show the intangible qualities that franchisees expect to find in a leader - care, interest, understanding and compassion. Franchisees cannot fairly expect franchisors to solve their problems for them, but they have every right to expect reasonable assistance and support during tough times. That is the true test of the franchising slogan of "being in business

for yourself, but not by yourself."

Leadership also means calling out and acting upon poor conduct and chronic non-compliance by franchisees, as this can be a toxic influence in a franchise network. It is the franchisor's responsibility to uphold high standards in the network to protect the brand and other franchisees. Franchisors must be prepared to confront non-compliance in their network decisively and honestly, even if there are significant consequences. To be prepared to confront these challenges franchisors need to have strong documentation, including manuals that properly detail mandatory standards, and clearly understood and accepted principles and policies.

#### **Emerging compliance** challenges

The traditional areas of risk for a franchisor remain important, but the focus has moved beyond the franchisor/ franchisee relationship to franchisee/ customer and franchisee/employee. Franchising Code of Conduct compliance, adherence to Competition and Consumer Act obligations and compliance with

Fair Work Act obligations are now generally understood. However, there is an emerging field of broader governance challenges for franchisors that might be best characterised as brand owner/ society obligations. Two such emerging fields are discussed below.

Franchisor liability is not linked to existing legal concepts, but rather to opaque terms such as a brand owner's social licence to operate. In essence, such responsibility relates to enhanced community expectations of brand owners simply because they are brand owners, irrespective of how legal liability might have been historically assessed. In the past sovereign borders helped compartmentalise liability within a country, now new laws look to introduce obligations or consequences for conduct on a global scale. Turning a blind eye to unlawful conduct no longer cuts it.

#### Modern slavery

The removal of the "blind eye" concept is well illustrated by the introduction of new Australian law obligations targeting modern slavery in supply chains. It is no longer possible to ignore, or avoid responsibility for, the confronting instances of modern slavery in foreign nations that are regularly profiled in the media. As Australian supply chains enable products produced by the enslaved to end up in our homes. Parliament has accepted that Australian legislation is necessary to help eradicate slavery in the 21st century.

The recently introduced Modern Slavery Act 2018 (Cth) imposes an annual reporting requirement for large businesses in Australia to report publicly on the actions they have taken to address modern slavery risks in their operations and supply chains. The threshold for the reporting requirement is high, at \$100m in revenue, so many franchisors will not be directly liable. However any franchisor that supplies goods or services to a business of that scale or to a government body, will be asked to report to their customer on its downstream supply chain. If unable to do so effectively and transparently, the franchisor is at risk of losing these relationships.

This is clearly only the start. It seems highly likely that thresholds will be reduced or further legislation will be introduced as more information becomes available, particularly if the current legislation is seen to have had a positive impact. Advocates on other social issues will also see the

opportunity for legislative reform as part of a broader definition of the so-called social licence to conduct business.

#### Privacy and data breach

Almost all franchise networks collect and use customer information, including the type of information that makes business vulnerable to cyber-attacks. Customers appear happy to provide information, but can become very unhappy if others gain access to it or the information is misused.

Mishandling customer information creates reputational risks and the prospect of investigations and penalties. Recent history has shown that breaches of privacy, through inadvertent disclosure or intentional hacking, can be incredibly destructive and even fatal for a business. Customers are increasingly protective of their personal information, so trust and confidence in a brand can evaporate quickly if customers have doubts regarding the security of their private details.

Regulation in this space is increasing, with amendments to the Privacy Act 1988 (Cth) in 2018 to introduce a mandatory data breach notification regime. Businesses are required to notify the Privacy Commissioner and affected or at risk individuals in the event of a certain eligible data breaches. This explains why we are seeing far more instances of data breaches reported in the media, where in the past these may have been concealed. To confront this challenge, franchisors must maintain strong IT security defences, and ensure data is only disclosed to

third parties with robust security and in accordance with the franchisor's privacy policy.

#### Meeting the compliance challenge

In order to meet the demands of this new environment, franchisors must cultivate a strong risk and compliance mindset throughout the organisation. Where compliance was once an issue by issue activity it now needs to be a whole of business consideration. Risk extends beyond pure legal liability to perceptions of responsibility, and conduct inconsistent with express or implied brand promises. Risk management now involves forecasting the future, not just addressing the present, as decisions can be made now that create future liability. As business is international, so increasingly is risk conduct in a foreign country by an almost unknown third party can cause as much damage as domestic conduct by a local employee.

Risk assessment and creating a compliance culture is a business by business activity, although there are local and global trends and issues that can inform local conduct. At a more practical local level there is merit in the following:

- Conducting a whole of business risk review and assessment. Typically this is best conducted by an independent expert, so that there is the necessary objectivity and access to external industry knowledge.
- There should be an overarching compliance policy and program

that emphasises the importance of compliance, and frames the various training, educational and complaints management aspects of a typical compliance program. Ad hoc training and activities are often insufficiently frequent, miss key employees and fail to properly address new risk issues or changes to the law. The policy should adhere to the Australian Standard for compliance programs.

- Internal policies and procedures should be documented and backed up by communication and training. Keep detailed records of compliance activities.
- · Compliance should be a standing item on the board agenda.
- Responsibility for oversight of legal risk and compliance should be assigned to a senior executive, supported by operational personnel in each business unit
- Senior management should be held to key performance indicators regarding compliance, to guard against incentivising excessive risk-taking behaviour.
- · Adequate resources should be deployed to develop compliance frameworks, then monitor and report on their effectiveness

Franchise systems are inherently entrepreneurial, which is one of the great strengths of our sector. Businesses often enter franchising with big ambitions and at high stakes. However, to ensure your franchise network can flourish in the new climate, compliance and good governance are paramount.

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Two young entrepreneurial Australians have taken out the NextGen in Franchising Award at the 2019 International Franchise Association annual convention in Las Vegas.

Jeremy Hassell and Timothy Butters of the Brisbane-based City Cave wellness centre franchise were given the award at a ceremony at the IFA convention.

The NextGen in Franchising Global Competition is a worldwide program that engages millennial entrepreneurs seeking to grow their businesses through the franchise model, and the only business incubator in the world focused on franchising.

The Franchise Council of Australia, in conjunction with the International Franchise Association, once again encouraged the annual search for







young entrepreneurs with an innovative business that could potentially be franchised (or is franchised) to submit applications to win a place in the global competition.

As the Australian finalists chosen by the IFA to show their product globally and raise awareness of their brand, City Cave's Jeremy Hassell and Timothy Butters have been participating in accelerated workshops with mentoring at the IFA annual convention in Las Vegas.

City Cave is a holistic health and wellbeing centre which incorporates natural and allied health services with a foundation built around floatation therapy, with a focus on preventative health care to provide people with longevity and better quality of life.

The health industry is enormous in Australia with hundreds of services and treatments available in the market.

City Cave Co-Founder, Jeremy Hassell, said Australians are becoming more invested in their health and wellness with many seeking out providers who offer a range of services to deliver a holistic approach that works for them.



"Our wellness centres have a standard of a minimum of 3 City Cave designed floatation pools, 2 infrared saunas, 4+ practitioner rooms for allied and natural health practitioners and a community space to run yoga/health related workshops."

City Cave currently has four existing centres in Brisbane serving over 150 guests per week and plans to extend the franchise down the east coast.

"We believe we've developed a business model that works from a franchise and health industry perspective. and winning the NextGen in Franchising Global Competition gives us great confidence in what we have planned for the future."

"We have worked extremely hard with our franchisees to ensure each City Cave caters for their immediate local market and provides the holistic wellness and clinical services clients would expect," Mr Hassell said.

"Our strategic vision is to ensure every new location we open has its own identity and our clients' needs are being met, and one of the contributing factors to achieving this goal is to ensure our franchisees are being provided with the correct support and systems to enable them to run their business seamlessly."

Since opening in 2016, City Cave's range of services has expanded to offer clients services to help achieve optimal health of both body and mind with float therapy, infrared saunas, yoga and clinical services including psychology and kinesiology.

Mr Hassell said by the end of 2019 they are expecting to open ten new locations across Australia with the aim of having 50 City Cave locations accessible to Australians over the next three years.

"We believe we've developed a business model that works from a franchise and health industry perspective, and winning the NextGen in Franchising Global Competition gives us great confidence in what we have planned for the future," he said.

## **HAMILTON**

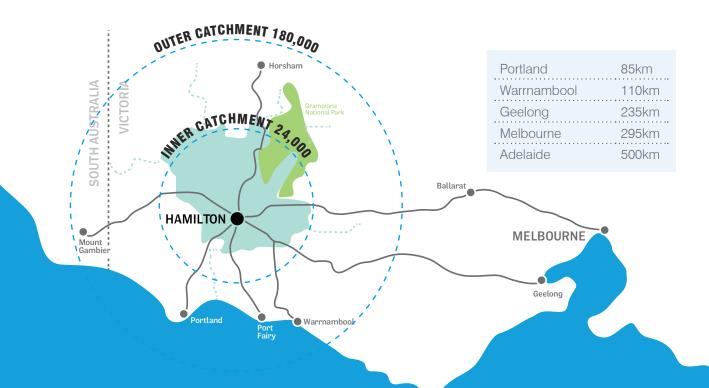
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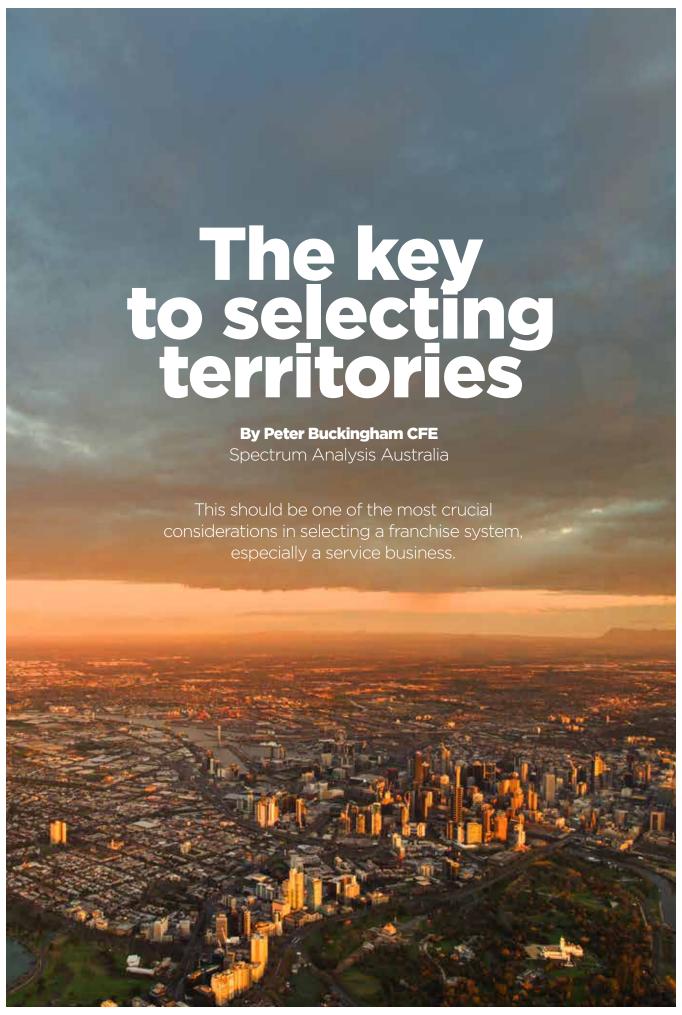


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"Logic says that if you get territory planning right, it will make your system fairer for the franchisees, and minimise risk and complaints to you as the franchisor."

With the release of the findings from the Senate Inquiry into the Franchising Code of Conduct, I anticipate many franchisors will be asked to show due processes in many areas within their franchise system.

There have always been some requirements into establishing logical territories for franchise systems that offer them. The ACCC Code has always suggested that within Draft point 13 of the Disclosure Document a franchisor should explain the policy associated with the formation of the territory being offered. In our view this has been done to various standards.



### Territory vs exclusion zone

I have long argued that most franchise systems are really just giving a franchisee an 'exclusion zone', which is an area exclusive to them within which no other franchise store will be opened. An exclusion zone may be about a number of people or businesses, or a combination of both, and this can be mapped or described as postcodes or suburbs in the franchise agreement.

A territory is more about service franchises, and becomes far more important if there is a call centre, and jobs are being allocated based on where the person lives, or where they want the meeting. It would be rather off-putting if you were a mortgage broker, for example, and you were not assigned a lead because the franchisor's mapping was not good and they gave the job and the commission to your neighbour.

In service businesses, such as pool cleaning, lawn mowing, bin cleaning and mortgage broking, the territory should be sacrosanct, and the assignment of leads 100 per cent, as that is what you are paying for.

### What do we need to do to make this correct?

Many franchisors come to us after they have been operating for some time and ask us to repair the system. The biggest issue is they usually have no long-term idea of what the mature business could look like.

Unfortunately, the early subscribers often demand huge areas and are successful. I am not against giving the early subscribers some advantage; it is their right for taking more risk in the early development of the system. But that shouldn't mean getting the equivalent of four territories for the next 20 years!

We have seen situations such as a formal business plan that targets 30 territories across Sydney, but four franchises have already been established and 50 per cent of the opportunity has already been given away. The rest are going to look rather thin if the franchisor wants to achieve 30 franchises long term!

The first thing we do for our Spectrum Analysis clients is map all existing territories, exclusion zones and



any other geographic commitment, verify they are as per the franchise agreements, and then measure them. Once they are measured in terms of number of people, number of households, number of businesses and estimated number of employees, we can look to see how they compare, and how they look compared to the brand's overall business plan of where they wish to be in 10 years' time.

Once the territories are mapped and measured, we can think in terms of what makes a good customer and how this should fit in to adjust the size of future territories. Our aim is to establish a logic so that in 10 years' time, the owners or the CEO can declare that, based on the relevant assumptions, each territory was established to give each franchisee similar opportunity.

Inevitably some people will be doing double the average sales, and others about 30 per cent of the average sales. By having a logic, you have a very good defence; typically the operator doing the 30 per cent will not be doing the job as per your system or is a bad representation of your brand, and you probably want to exit them from your system.

### Summary

The Draft of the Disclosure Documents as established by the ACCC in the Franchising Code of Conduct does ask that a franchisor should be able to explain the logic used in establishing the territories in their franchise system.

Logic says that if you get territory planning right, it will make your system fairer for the franchisees, and minimise risk and complaints to you as the franchisor.

Territory planning should be seen as an investment in your system, no different to paying a lawyer to set up your franchise agreements. It's unlikely you draft your franchise agreements yourself, so why do many people think that with a map and a black marker pen, they can create territories of similar potential? We call this the Beer and Pizza Map, created over red wine, pizza and beer with some very selfinterested franchisees.

If you are looking to join a franchise system, and you see the Beer and Pizza Maps on the wall, ask how they were done. If you do not feel comfortable with the response, realise that it is your money at risk in the viability of your future franchise.



### **About Peter** Buckingham

Peter Buckingham is the Managing Director of Spectrum Analysis Australia Pty Ltd, a Melbourne based geodemographic and statistical consultancy. Spectrum specialises in assisting clients with decisions relating to territory formation and store and site location using various scientific and statistical techniques.



### Workforce management for your franchise













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Lawrence Chen CFO, Chatime Australia



# **March 2019** Positive Franchising & Chatime

Chatime Australia was excited to welcome more than 160 franchisees and key business partners for their 4th annual conference in Byron Bay in March.

The theme of the conference was 'doing things differently' and how the company aims to deliver positive franchising through the lenses of

profitability, unified culture & diversity.

"If we are a brand that stands for extraordinary experiences for our diverse customer base, the only way we can deliver this is through an engaged network of passionate employees and franchisees. This approach is critical in a time when the industry is under intense scrutiny" said Carlos Antonius, General Manager of Chatime.

Chatime's approach of 'doing things differently' couldn't have been more prevalent than at this year's annual conference, where East meets West to connect, share, learn and create



competitive advantage. Discussion for future strategy and innovation and technology were mixed with fire twirlers and drag queens.

Chatime is not only the biggest bubble tea franchise network, it is now one of Australia's fastest growing franchises, delivering double digit like for like sales growth consecutively for the last 4 years.

With an extensive growth strategy, the Chatime brand is aiming to double in size by 2020 with more than 200 locations on the ground in the Australian market. ■





Muffin Beak re-structured its centralised marketing team in the Sydney head office, and created a nation-wide network to reflect greater support for the franchisees in store. This meant the Muffin Break team could take a more agile approach to increase local marketing activations around the country.

A prime example of Muffin Break's activations executed by the Marketing team on the ground is with their school holiday program of cookie workshops for kids. Traditionally, kids would visit their local stores to bake or decorate a muffin or cookie. In 2018. Muffin Break launched their national children's meal, the Mighty Mini Meals.

The brand started generating greater interest from parents and kids alike, especially since partnering with Ooshies as the toy offering. The partnership welcomed a fresh idea to refresh Muffin Break's school holiday activity for kids, holding their first Superhero Cookie Workshop.

After the success of this activation and

partnership with the Ooshies, Jurassic World approached the brand to create a unique offer for the stores and their customers with kids by creating exclusive dinosaur toys for Muffin Break. This aligned with the launch of the Jurassic World DVD. Inspiration flowed, and Muffin break offered their shopping centres a dinosaur treasure hunt as an activity for their shoppers to occupy their kids with during the school holidays. This was a unique offering for the centre, where hundreds of children had fun participating

It was a busy year for the brand in 2018, announcing their partnership with Simply Cups, Australia's only coffee cup recycling program. Muffin Break's commitment to the war on waste inspired a new store activation - Little Growers. This activation was the first of its kinds and one needed to run as a pilot to measure its success. It was driven together with the centre manager's whose focus for their school holiday program was learning and creating.

This was a perfect opportunity to teach kids the importance of recycling and sustainability!

Ultimately, as a result of the partnerships Muffin Break has reeled in, the brand has created a handful of activations for their centre managers to attract new customers, both for the centre and the brand. These activations have always been linked back to a sales increasing activity for the stores.

Franchisees have commented on the extra support by way of marketing team on the ground, helping to increase their profitability in a new sales category that wasn't explored in previous years. And as their profitability has increased, so too has their engagement with the brand with many more of the Muffin Break stores opting in to participate with the activations

Established in 1989, Muffin Break has withstood the changes in the challenging retail environment. While they've operated for almost 30 years in Australia, they've adapted accordingly



The primary focus of Muffin Break has always been to ensure the profitability of franchisees, by offering a network of support available to the franchisees in assisting building their businesses.



to continue their relevance to compete in the shopping centre space. From innovating food to reinvigorating the way they support their franchisees, Muffin Break has remained resilient. This level of endurance is evident with a footprint of 200 stores around the nation.

The primary focus of Muffin Break has always been to ensure the profitability of franchisees, by offering a network of support available to the franchisees in assisting building their businesses. Muffin Break's approach to ensure the success of their franchisee partners reflects a multitiered approach to include:

- Activations with centre managers
- Supporting the local community
- Strong partnerships with suppliers

As a family-owned and operated business, Muffin Break has built a framework where each of their stores is locally owned and operated by franchisees who are proud of the communities they serve. While the brand offers delicious muffins and awardwinning coffee, franchisees are the key drivers in building the relationships with customers.

With a large part of their stores located in regional towns, their approach adapts to support these communities differently. From sponsoring netball and football clubs, to dignity drives for Share the Dignity and transforming our store for Pink Up Mudgee Day, Muffin Break holds the belief to giving back to local communities who have supported them since the very beginning.

More recently, Muffin Break was able to capitalise their partnership with Sunrise at the time to help raise funds after the 2017 fires caused over \$1 million worth of damage to the Dalby State School. With their Toowoomba franchisees connected to the school, having grown up in the small town and attending Dalby's State School, they really were the drivers to influence this support for their community.

In February 2019, Townsville was hit with severe floods, where one of the Muffin Break stores ended up under water. It truly hit home for one of their franchisees and wanted to support the town that needs to restore the community as the damage remains. Holding a \$2 Muffin promotion on Valentine's Day, Muffin Break made a commitment to match dollar for dollar for every muffin sold on the day.

Between the three stores in Townsville, they collected baked 320kgs of muffins on the 14th February alone, and approximately \$8,000 was collected to be donated to the GIVIT charity in Queensland. Muffin Break's General Manager, Natalie Brennan offers, "Growing up as a Queenslander and understanding the extremities of the weather in that part of the country, my heart truly went out to our franchisees who are doing a brilliant job in Townsville and we knew that we needed to give back to support them in this devastating time."

Giving back to the local regional

communities is about doing the right thing for Muffin Break. They also ensure they focus on supporting the entire network through the partnerships they've maintained with suppliers. With 30 years in the business, it speaks volumes for the quality and consistency of the products customers receive daily.

A large part of ensuring consistency is with strong relationships with suppliers, many of whom were with Muffin Break from their first birthday. This strength is illustrated with their promotion in March 2019, celebrating their 30th birthday. 50,000 prizes were made available for customers to win during the 4-week promotional period. Most of these prizes were subsidised their suppliers who were excited to be part of the brand's milestone. ■

Muffin Break is a premium bakerycafé franchise owned by Foodco Group Pty Ltd. Sydney-based and privately-owned, Foodco was established in 1989 and is now one of Australia's largest and leading multi-brand retail food franchisors. Foodco owns the global intellectual property rights to Muffin Break and Jamaica Blue, with each brand centred on the delivery of unique products freshly-prepared on-site and premium coffee and beverages. Foodco has more than 480 partners across the globe.

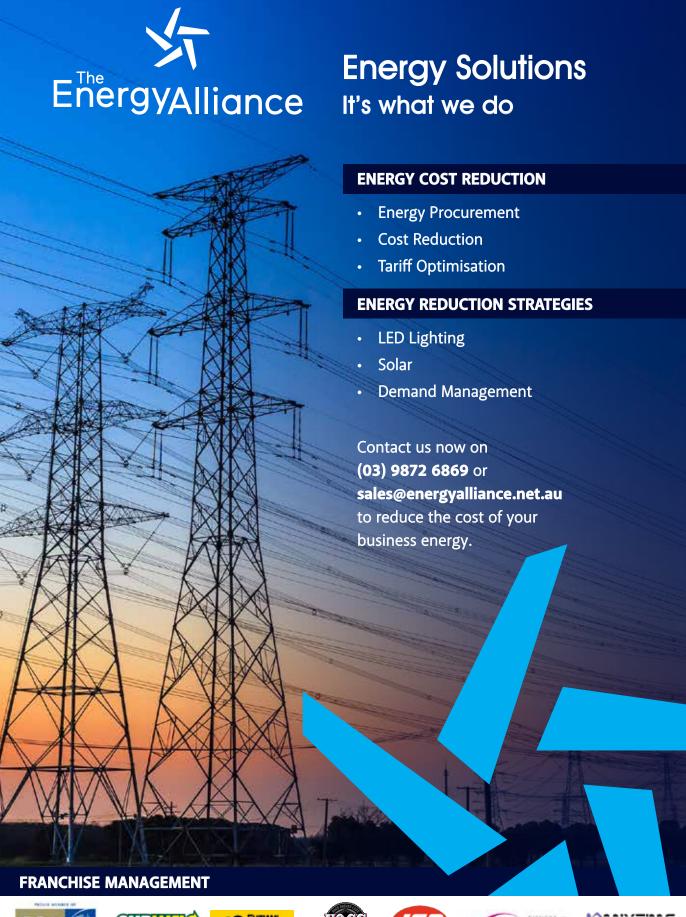
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Taking the step to multi-unit ownership comes very naturally for some franchisees, but for most it is very challenging, according to Rowan Hodge, CEO of Andersens Floor Coverings. He is the President of the Australian Retailers Association. He says if you're considering going multi, go in with your eyes wide open to give yourself the best shot at success.

# The challenge of taking the next step

### **By Rowan Hodge**

CEO, Andersens Floor Coverings

### It's ok to not expand

Multi-unit franchising gives great operators a shot at multiplying their wealth. However, while multi-site expansion can multiply profits, it can also multiply losses. There are certainly times when a franchisee is better off not expanding to a second store, because the risk, stress, debt, span of supervision, and lifestyle that come with it are not for everyone.

### Opportunity cost

One way to look at the decision is to ask yourself about the opportunity cost of your additional investment. Opportunity cost is the concept that all investment choices are at the expense of other alternatives. It is only worth owning a business you plan to grow. If your expansion means you will not grow your current business while you grow your new one, you may be better off selling your current business first

### 33.33%

While a single unit operator can be almost 100 per cent present in their business, the same operator is only one third present in each of two multi-sites. This is because in addition to their time being split, they now have a whole new role to play. They can no longer be an owner-operator. They must now be a leader of managers, with all of the multisite travel, audit and supervision that entails. Even if you can perform these tasks while in a store, you can't do these things properly while serving a customer. Typically this will command a third of your time in a two-store operation.

### **Bigger swings**

Just as any business experiences swings in their cashflow with the receipt of funds and the payment of invoices, BAS, payroll, and rent, with a second business, this doubles. Many business owners will have a bank balance that can jump up or down by \$20,000 in 24 hours. Whatever the nature of the biggest swings in your cashflows in one store, you will expect cashflow swings twice the size in two stores

Cash is just the most obvious measuring stick for these big swings. Mood can be similar. A crushing week or season is nasty for morale. With two stores it is doubly so. This can have multi-unit franchisees moving swiftly from euphoria to despair.

### An incredible nucleus

A prerequisite for anyone considering multi-unit expansion is having at least a core nucleus of remarkably loval team members in their first store. Just as a multi-unit franchisee can no longer be an owner-operator, they will need their team to do more than just step up. They will also need them to stick around. In a one-store operation, the franchisee themselves is the reserve labour when someone is sick or resigns. In a multi-unit environment they can no longer do this. That means the leadership core will need to take ownership of problems, and that can only happen if they are loyal, well trained, empowered and exceptionally well led. Otherwise you will have stepped out of the operations of one store and those operations will have commenced a nasty decline.

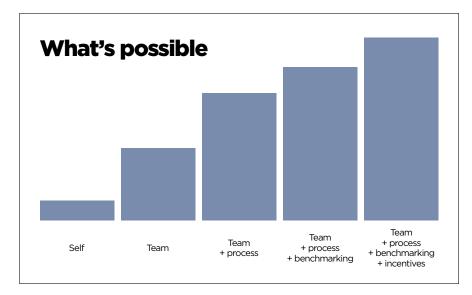
An incredible nucleus will begin to behave like you, speak like you, and solve problems without being asked.

### Inconsistency is the enemy

Multi-unit franchising means that you will have a chain, but any chain is only as strong as its weakest link. Fine operations stem from clear procedures, great training, endless corrections and strong affirmation. When strong franchisees run a business as an owner-operator, they are coaching their teams like this all day, every day. They are making consistency a habit by endlessly correcting defects in behaviour.

Just as consistency is a strength of a great single unit operation, it is the hardest and most important thing to achieve in multi-unit operations.

There are a number of preventative measures that can help. Of these, 'checklisting' is one great tool for the multiunit franchisee. The idea of a checklist is that there must be one way, and one way only, to do each and every task in each **business** 



### Checks and balances

A new multi-unit operator quickly learns that they can't do everything themselves and they must rely upon their team. But a team that is erratic or chaotic is inefficient and ineffective. Great multi-unit operations combine great teamwork with strong processes. Such processes extend beyond checklisting into responses and controls on, for example, standard sales building activity, automatic responses to customer feedback, and employee coaching methodology.

Process is turbo-charged when it is frequently fine tuned and improved. In a franchise the source of this can be through benchmarking against other great franchisees. When cash or non-cash incentives are attached to excellent behavior the possible results are even greater.

### **Rhythm**

As a franchisee in one business, even a great one, there are certain rhythms that you will have followed, either deliberately or by happenstance. In the case of a multi-unit operation, the need for a rhythm to your measurement, communications and actions is critical. This way things don't get missed and the whole team stays. tightly focused on what is important.

The rhythms of the business might be daily, weekly, or monthly; any rhythm is acceptable if it is appropriate. What multiunit operators often find is that deliberately shortening the intervals is an effective way to keep the operation tightly focused on the present, which most commonly coincides with customer touchpoints.

### Measurement

A single unit operator might feel on top of every cent in their business because they practically touch each one personally. But what can actually happen is that this franchisee can become a little uninquisitive, because their familiarity with their business cashflow can numb their curiosity.

A keen multi-unit operator must develop a healthy obsession with their figures. This begins with the P&L, but it must include banking reconciliations, debtors, creditors, rosters, inventory, marketing spend, vehicles and more. If it can be measured, its importance to the business must at least be understood. And if it can be measured it. should be tracked over time.

Like rhythm, measurement is only truly useful if it is timely. Short intervals are best and there should be an urgency to see the number the moment it is available. Such a franchisee will know to the cent where money is made or lost in their business, and they will spend the most of their time working on the heavy hitters.

### Alignment

A great team member is only a productive part of a team if they are aligned with everyone else in that team. This begins by creating a crystal clear and shared vision of the future with your loyal nucleus and your wider team.

However, even an incredibly tight team will drift apart if team members are not endlessly coached. In the military there is an expression used by officers that 'You accept what you walk past.' The timeless advice in the One Minute Manager is to make feedback a cultural norm.

As a multi-unit franchisee you are will have less time to deliver feedback to a bigger team, so you need to be frequent and very efficient. Other extremely aligning activities include win sharing, setting a common challenge, using a common vocabulary, and generating excitement with incentives, including bets and dares.

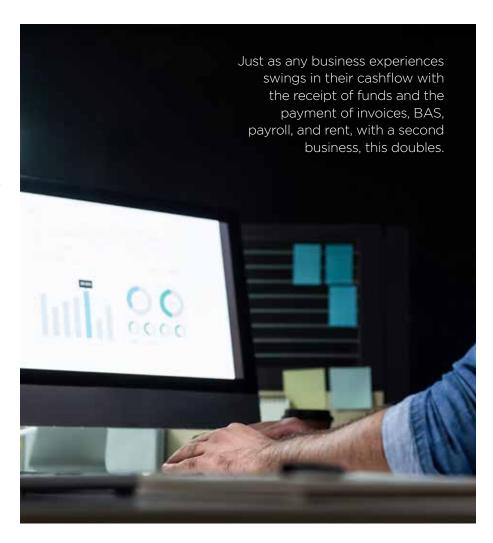
### 150%

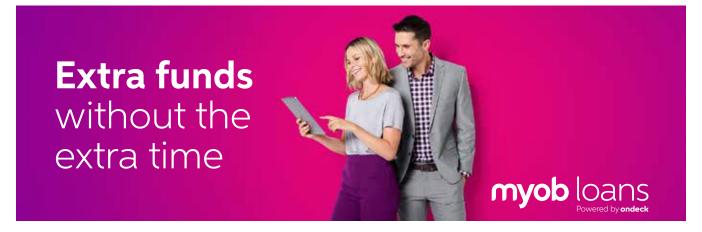
One sad reality of moving from running one business to two is that your operations are likely to be worse. Whether they are much worse or just a fraction worse will be a function of your team leadership and motivation. This is upsetting, and it should be. It stems from the sad reality that even if your core nucleus is amazing, they don't own the business, so even if they will sometimes go the extra mile for a customer, there will be times when they may not.

You may win fewer loyal customers and lose some as a result. But it also means that to grow you will need to apply extra energy to turning on the taps, which means sales and marketing.

### A premium on advice

All business owners must seek sound independent advice before they invest. For a multi-unit franchisee this is also true; what is different is the gravity of each decision. A wrong decision on debt, tax planning, entity, reporting, succession, is multiplied. Where great advice is important for a single unit operator, it is doubly so for a franchisee who chooses to take on a second business





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All franchisors should be mindful of new laws which impose an onus of proof on them to make sure their franchisees follow legislation, in particular around pay and conditions, according to Pia Engstrom, Director/ **Professional Services** Lead at The HR Dept. Perth.

There was widespread alarm in the Australian business community over a recent landmark ruling which determined that a casual truck driver was entitled to annual leave back payments.

Small and medium sized businesses in particular were concerned about the Workpac ruling by the Federal Court, which the Australian Industry Group estimated could go on to cost employers across the country up to \$8 billion in back payments to as many as 2.2 million casual employees.

It was of course a potentially significant ruling for many in the franchise industry, particularly in sectors such as retail, hospitality and food, where use of casual workers is commonplace.

Fortunately, the Government has since varied its Fair Work Regulations to clarify that employers may, as long as criteria are met, claim that casual loading payments should be offset against certain National Employment Standards entitlements

While at first glance these issues may appear to be mostly relevant to franchisees, franchisors should also be aware of the potential impact on their businesses.

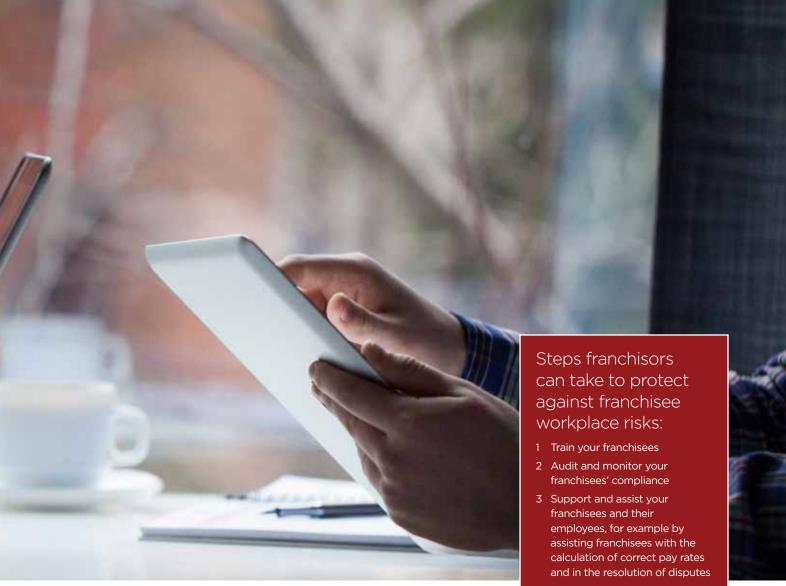
With our overall workplace culture being increasingly dominated by the workplace rights of employees. franchisors should be aware of stringent penalties for breaches of laws which protect workers.

The franchising sector and industry is facing increasing pressure and is under the microscope. Best practice is needed from all within this important sector, as we work to support the Australian economy.

Last year, the Protecting Vulnerable Workers Act 2017 amended the Fair Work Act 2009 to include a new 'serious contravention' penalty of up to \$630,000 per breach for a company and massive increases in penalties for pay slip and record-keeping offences.

Franchisors can now be held responsible for employee underpayments by their franchisees where the franchisor knew, or reasonably should have known, about the contraventions and failed to take reasonable steps to prevent them.

Going back to the issue of casual workers, a new piece of legislation is further redefining the relationship between a business and its less formallyemployed staff.



On 1 October 2018 the Fair Work Commission (FWC) introduced a new clause for casual employees that may affect your business. The 'casual conversion clause' affects 85 modern awards, after the FWC determined that certain casual employees may have the right to request to convert from casual to permanent employment. The new clause introduces the concept of a 'regular casual emplovee'.

Any regular casual employees can make a conversion request if in the previous 12 months, the employee has worked a pattern of hours on an ongoing basis that, without significant adjustment. the casual employee could continue to perform as a full-time or part-time employee.

With modern awards in banking, finance and insurance, fast food, retail, professional services and hospitality industries all affected, The HR Dept recommends that employers should visit the Fair Work Commission site as a matter of urgency, to see if they are affected.

It's fair to say that most employers who employ casual staff under an award will be covered by this new clause.

Employers must notify all their casual

employees covered by a modern award (not just regular casual employees) of their right to request a conversion from casual to permanent employment by providing them with a copy of the casual conversion clause - either by 1 January 2019, if the employee was already employed on 1 October 2018, or within the first 12 months of the employee's first engagement to perform work, if the employee is first engaged any time after 1 October 2018.

There are 'reasonable grounds' for refusing a conversion request but only after consultation with the employee. These grounds include the need for significant adjustment to the employee's hours of work, or if the employee's position is expected to cease, or be significantly changed or reduced in hours within the next 12 months.

Bear in mind also that the employee has the right to appeal to the Fair Work Commission if he or she disagrees with the decision.

With over 20 years' experience in HR and IR in Australia and UK, Pia Engstrom has provided strategic and operational advice across industries from health and transport to financial, oil & gas and mining in both SME's and global organisations.

- 4 Keep your franchisees updated about their workplace law obligations and refer your franchisees to reliable workplace law advice
- 5 Incorporate Fair Work resources into your operations manual or intranet
- 6 Ensure your franchise business model takes into account the costs of lawfully employing adequate numbers of staff
- 7 Ensure your franchise agreements require franchisees to comply with workplace laws, and allow auditing and monitoring for compliance
- 8 Consider introducing software to assist your franchisees to comply with workplace law obligations
- 9 Provide your franchisees with compliant template documents and resources
- 10 Consider negotiating a registered agreement with Fair Work for consistency of employment conditions across the franchise network.



Insurance Made Easy is a family business that has grown over the last 26 years into an insurance brokerage specialising in franchising. Franchise Review spoke with Founder and Managing Director, James Gillard

## Insurance: Lessons learned along the way



### Why 'insurance made easy' when it's the last thing insurance is?

The essential concept was to simplify insurance for the SME market and franchising, where there is a lot of confusion about insurance products, services and complex wordings. We wanted to make the process easy and simple to free up the business owner and let them get on with running their business.

### What are your rules for dealing with clients and employees?

Buying insurance is a complex decision. We spend a lot of time with our clients to understand their business in depth before mapping out the insurance programs they should have.

Mentoring, motivating and assisting employees has always been a key focus. I invest a lot of my time being on the floor working with employees to resolve queries and problems. If I support my employees, they support the business, which means I am supported as a leader.

### What happens when the team is disrupted due to the unexpected?

Over 26 years we have experienced various dynamics in the business and it often comes back to the leadership skills and the individuals in those roles. Each person contributes and the team members gel, but the dynamics can change again when a new person comes into the team. I focus on helping everyone to work as a team towards a common goal.

### How do you build trust with your customers and how important is that?

Clients have to get to know you, like you and trust you. That just doesn't happen in one meeting. We had ten meetings over a period of six months with one of our franchise groups to refine their insurance proposal before they could present it to their board. You build trust one step at a time and it takes patience and understanding.

### What do you see as the difference between good and great customer service?

Good customer service starts with leadership backed up by support from the rest of the team.

Great customer service is a constant challenge where you need to coordinate a large number of third parties associated in delivery of the service. For us this includes insurers, claims staff and assessors, and tradesmen. Sometimes it doesn't always go according to plan, but we try hard and keep our client informed. It is always rewarding to receive positive feedback from clients about the high standard of service they have experienced.

### Change is coming at us from all angles, so how do you keep up with it?

We have to acknowledge and accept that change is inevitable. The way to keep up in a constantly moving environment is to be educated about the marketplace and the regulatory changes impacting your business and your clients. That way you can work out how to respond and best help your clients.

### How important is common sense in the running of your day-to-day business?

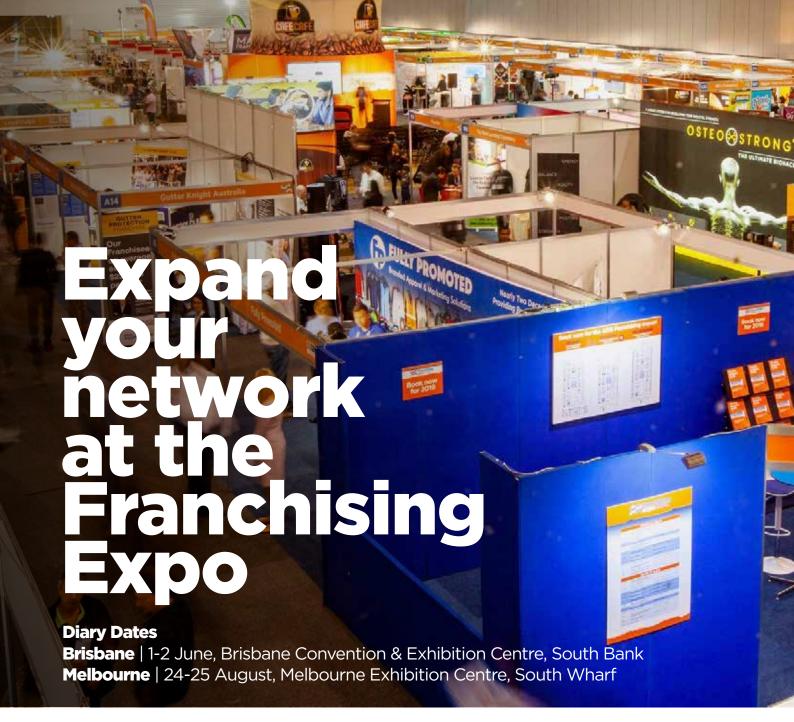
One person's view of common sense can be quite different to another's. We regularly test 'common sense' with our suppliers, third parties, and repairmen and place ourselves in the shoes of the client to develop a common-sense solution

### What would you do differently and why if you were starting out in business today?

I would have a much stronger business plan and vision. A lot of people go into business and just wing it, and that was my approach in my very early days. Having a business plan in place would have made the journey easier.

I would have also secured a longterm mentor who understood me and my business but was not caught up in the day-to-day demands. A long-term mentor provides a sounding board and gives you the confidence to continue.

A business partner would have meant the journey would not have been so lonely. When starting a new business, there are very few people you can share your doubts and concerns with. Having a business partner to share the load and drive the direction of the business would have been extremely helpful.



Following an actionpacked show in Sydney in March, the Franchising & Business Opportunities Expo will open its doors in Brisbane in June, followed by a Melbourne show in August.

"The Franchising Expo is appealing to more and more people interested in franchising," says Exhibition Manager Fiona Stacey.

'Visitors come because they love the idea of seeing so many different concepts under the same roof, and also hearing from the experts in the free seminar series," she explains. "Exhibitors keep coming back because there is no better way to grow their business and target prospective franchisees."

Regular exhibitor Evan Foster from United Franchise Group explains that participating in the Franchising Expo is a major part of the company's marketing strategy. "We have built our company by exhibiting at Expos all over the world," he says

Fiona Stacey adds that both new and established franchisors find the Expos a great source of support and advice from fellow exhibitors. "The Franchising

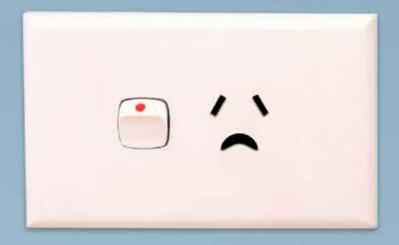
and Business Opportunities Expo is an event where the industry comes together to educate, inform and network - it's the highlight of the year for many franchisors.'

Over the years Stacey says she has seen many companies start small and grow big by finding the right franchisees at the show.

"It's exciting to see businesses that grow from a couple of outlets to a thriving network, just by keeping a high profile at the Franchising Expo," she says.

For information about exhibiting in the Franchising & Business Opportunities Expo contact Fiona Stacey on 03 9999 5464 or email Fiona@specialisedevents.

FCA members may register now for a free ticket to the Franchising & Business Opportunities Expo in Brisbane or Melbourne - go to www.franchisingexpo. com.au and use code FCA.. ■



## Don't let franchise power costs get you down.

One of the regular concerns we hear from members is the spiralling cost of energy and the impact it has on profitability. The FCA has partnered with one of Australia's foremost energy solution providers, The Energy Alliance, to create a new free advisory service for members, using a team of independent and experienced energy analysts to provide assistance.

The FCA Energy Hotline will help franchises make simple changes in the workplace which can lower energy usage and achieve savings. It can check your bills to see if anything is out of the ordinary, and review market offers to find the best renewal option.

Win the power struggle. Call the FCA Energy Hotline today on 1300 005 021.





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